

# FISCAL NOTE

## SB 280 - HB 436

February 14, 2001

**SUMMARY OF BILL:** Replaces the existing Tennessee Professional Corporation Act with *The Professional Service Corporation Act of 2001*, which:

- exempts existing professional corporations from the provisions of this act but allows such corporations to bring themselves within the provisions of this act by amending their articles of incorporation.
- limits certain professionals to participation in one professional service corporation.
- authorizes foreign professional corporations to render professional services in this state if the corporation complies with the provisions of this act and if the service providers are licensed to practice in this state.
- provides that the act does not establish filing procedures for new professional corporations with the Secretary of State or with any other agency.
- maintains the transfer of professional service corporation stock to voting trusts, but authorizes transfer of professional service corporation stock to a charitable remainder unitrust under certain conditions.
- extends the time limit for a professional service corporation to repurchase stock in all situations to 12 months.
- requires the corporate name of a professional service corporation to include the following words or letters in their names: *professional service*, *professional corporation*, *P.C.*, or *P.S.* The corporate name may also contain either the words *corporation*, *incorporated*, *company*, or *limited* or their abbreviation.

### ESTIMATED FISCAL IMPACT:

#### MINIMAL

Assumes professional corporations will continue to file with the Secretary of State's Office as they currently do and the Business Corporation Act will continue to apply to these entities.

These professional service corporations are already subject to franchise & excise tax and the provisions of this bill would not modify how such tax is applied to them. Therefore, this bill is estimated to have no impact on state revenues.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director

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